

NEW PRODUCT ADVISORY No. 03-012

A FULL SERVICE PLAN'S 2004 NEW INDIVIDUAL PRODUCT PERSONAL ADVANTAGE PRODUCT WITH DEDUCTIBLE AND 2004 TRADITIONAL PLAN GROUP PRODUCT

ACTION: Review Concluded August 21, 2003

Amendment proposing a new individual Membership Agreement and Evidence of Coverage/Disclosure Form.

Filing Nos. 20035421; 20036027; and 20037066
Filed May 6, 2003 and amended on June 16, 2003 and August 21, 2003

Group Subscriber Contract and Evidence of Coverage.

Amendment Filing Nos. 20034830; 20035976; 20036996; 20037002; and 20037022
Filed April 2, 2003 and amended on June 13, 2003, August 19, 2003, and August 22, 2003

SUMMARY

A particular Plan filed a new commercial individual Membership Agreement and Evidence of Coverage/Disclosure Form (the "Individual EOC") and its 2004 Traditional Group Plan Subscriber Contract and Evidence of Coverage (the "Group EOC") to market statewide. The Department identified deficiencies in portions of both EOCs. The subjects of this Advisory are those deficiencies that relate to both the Individual EOC and the Group EOC, including excessive out-of-pocket maximums, reinstatement after termination for nonpayment of premiums and other charges, and disclosures of benefit exclusions/limitations.* The particular Plan resolved these deficiencies.

OUT-OF-POCKET MAXIMUM

The particular Plan initially proposed individual and family annual out-of-pocket maximums that were excessive and did not apply to all required services. Accordingly, the particular Plan lowered the maximums to \$3000 per individual and \$6000 per family. The particular Plan also revised the list of products and services whose copayments apply towards the out-of-pocket maximum to include all statutorily mandated products and services, and the Plan revised the EOC to clearly list those items.

BASIS OF ACTION

Sections 1367(e), 1367(h), 1367(i), and 1375.1(a)(2) and Rule 1300.67.4(a)(3)(A)

REINSTATMENT AFTER TERMINATION FOR NONPAYMENT OF PREMIUMS

The EOC initially failed to provide notice to members of the circumstances under which the particular Plan will reinstate a member's coverage after termination for nonpayment of premiums, or the methods by which the Plan may avoid such reinstatement. The particular Plan corrected this deficiency by revising the EOC to describe the circumstances under which the Plan will reinstate coverage with no lapse after termination for nonpayment of premiums.

BASIS OF ACTION

Rule 1300.67.4(a)(5)(E)

REINSTATMENT AFTER TERMINATION FOR NONPAYMENT OF OTHER CHARGES

The EOC initially failed to provide notice to members that that the particular Plan will reinstate members terminated for nonpayment of other charges without a lapse in coverage if they pay any amounts due before the next scheduled payment due date. The particular Plan corrected this deficiency by revising the EOC to include this disclosure.

BASIS OF ACTION

Rule 1300.67.4(a)(5)(E)

DISCLOSURE OF BENEFIT LIMITATIONS/EXCLUSIONS

The Department identified deficiencies in the proposed EOC language relating to limitations and exclusions for: services the law requires another person or entity to provide, services provided during "unusual circumstances," complications from noncovered services, hospice and home health care services, durable medical equipment outside of the service area, and nonhuman or artificial organ transplants. The particular Plan corrected these deficiencies by revising the EOC to:

Clearly disclose that if the law requires another entity to provide health care services to the member that the particular Plan will not pay for these out-of-plan services, but that it will provide these services through the Plan, if desired by the member, and request reimbursement from the responsible party after the Plan provides such services;

Clearly disclose that in the event of a war, riot, or other "unusual circumstance" the particular Plan will use its best efforts to provide services, but if it is unable to provide such services it will refer members to the nearest hospital for emergency/urgent services and later provide reimbursement to the member for such services;

Clearly disclose that the particular Plan covers complications from noncovered services, whether foreseeable or unforeseeable, if such services would otherwise be covered by the Plan;

Clearly disclose that although hospice and home health care services must be received within the service area, members who reside outside of the service area may receive these services at a friend's or relative's residence in the service area;

Clearly disclose that although most durable medical equipment ("DME") must be provided and used within the service area, there are items such as canes and crutches that may be used outside of the service area. The particular Plan revised the EOC to instruct members to contact the Plan to find out if a specific item may be used outside of the service area and to disclose that members residing outside of the service area may use DME in another location within the particular Plan's service area, such as a friend's or relative's home, if the member may not take the item outside of the service area; and

Remove the exclusion for services related to nonhuman or artificial organs and their implantation but retain the provision that only medically necessary transplants are provided.

BASIS OF ACTION

Sections 1363, 1367(d), 1367(e), 1367(h), 1367(i), 1368.2, and 1375.1(a)(2) and Rules 1300.67.4(a)(3)(A), 1300.67.05, and 1300.68.2

Based on the particular Plan's revisions to the proposed individual contract and group contract, the Plan was permitted to implement the proposed products, subject to any future review and revision that may be necessary.

*** Additional deficiencies identified in the above-referenced filing, similar to deficiencies identified in other filings by this plan, and their resolution, are presented in NPA Nos. 03-010 and 03-011.**